

TOP MANAGEMENT TURNOVER FOLLOWING ACQUISITIONS

Why are they leaving?

Bachelor's Thesis
Lotta Nyberg
Aalto University School of Business
Management
Fall 2019

Author Lotta Nyberg

Title of thesis Top Management Turnover Following Acquisitions – Why are they leaving?

Degree Bachelor of Science in Economics and Business Administration

Degree programme Management

Thesis advisor(s) Sari Yli-Kauhaluoma

Year of approval 2019**Number of pages** 26**Language** English

Abstract

Research shows that top management turnover increases in the years following acquisitions and it is influenced by numerous macro-, meso- and micro-level factors. Yet the role of individuals' experiences in explaining the decisions to leave remains inconclusive.

The purpose of this thesis was to examine how M&As affect the top management turnover and what kind of individual-level factors explain the top managers' decisions to leave the company after acquisition. The perspective is based on psychological theories concerning stress, organizational identity, role and job characteristics. The topic is studied by reviewing literature concerning the human side of M&As, and as a result, an indicative model on the underlying reasons and determinants of top management turnover following M&As is constructed. The relationships between M&A-implied changes, psychological states and employee reactions are presented.

In conclusion, the findings of this thesis propose that top managers of the merged organizations go through periods of severe changes that put them under significant pressure. This causes top managers to feel uncertain, threatened and stressed, which results in psychological and behavioural responses such as changes in job satisfaction, work motivation and turnover intentions. These reactions are further related to increased turnover.

The findings emphasize the serious consequences M&As have for the individuals involved. The negative reactions result in increased turnover that might be related to lower post-M&A performance. To minimize the potential negative outcomes, best practices should be identified, and formal social policies developed.

Keywords M&A, merger, acquisition, top management, turnover, stress, identity, role

Table of Contents

1. Introduction.....	2
2. Mergers and Acquisitions	3
2.1. The Human Side of M&As.....	4
2.2. Top Management Turnover Following Acquisitions	7
3. Antecedents of Top Management Turnover Following Acquisitions.....	9
3.1. Post-merger Stress	10
3.2. Post-merger Identification	14
3.3. Changes in Role and Job Characteristics.....	16
4. Discussion and Conclusions	19
References	22

Table of Figures

Figure 1. The role of economic development and perceived growth opportunities in employee reactions to M&As (Paustian-Underdahl et al. 2017)	13
Figure 2. Mediating role of job stress in predicting turnover intention (Chen, Lin & Lien 2011).....	17
Figure 3. Underlying reasons and determinants of top management turnover following M&As	20

1. Introduction

Mergers and acquisitions (M&As) are one of the most popular strategies for companies to seek competitive advantage, and thus, a significant research topic within the literature studying the growth and development of organizations. Historically, M&As have been mostly considered the domain of economists, strategists and financial advisers, but a growing interest for M&As has arisen in the management literature as well (Cartwright & Cooper 1992).

The performance of M&As and their antecedents have been widely studied (King, Bauer & Schriber 2018). Despite the popularity of M&As, most of them are estimated to have negative impact to the target company's financial performance in the long run (Krug & Aguilera 2004). In addition to the financial and strategic aspects, M&As have also various other implications for the stakeholders of the merged companies. Thus, explanations for the high failure rates of M&As have been looked for from the human side of mergers. Research shows that the employees of the target company often experience the merger threatening, which can be mediated by factors related to organizational culture and identity (Cartwright & Schoenberg 2006). Culture clashes, role ambiguity and perceived unfairness are some of the main sources of post-merger stress and can explain the lowered job satisfaction and commitment (Seo & Hill 2005). As an outcome of the experienced problems, the employee turnover intentions increase significantly (Armstrong-Stassen et al. 2001). Alongside, the top management turnover in acquired companies increases substantially and stays above average for several years following the merger (Krug 2003; Krug & Aguilera 2004).

Reasons for negative employee reactions in organizational changes have been searched from psychological perspectives. Theories concerning stress, identity and roles have given many explanations for the observed changes in behaviour, and a lot of supporting empirical evidence has been found as well. For example, van Dick, Ullrich and Tissington (2006) found that employees with high post-merger identification had higher job satisfaction and lower levels of turnover intentions. Marks and Mirvis (1997), in turn, reported that acquired executives have abnormally high incidence of stress symptoms. These findings are just some examples of the psychological and behavioural implications of M&As, and they emphasize the need to better understand the experiences of the individuals involved.

This work examines how M&As affect the top management turnover and what kind of individual-level factors explain the high departure rates following acquisitions. The topic is studied by reviewing literature related to the human side of M&As. The perspective is mostly

based on theories explaining psychological and behavioural effects of M&As (Seo & Hill 2005). The purpose of this review is to better understand the key stressors managers face during and after mergers, and how these are linked to the intentions and decisions to leave the company. The work consists of two parts. In the first part, a short introduction to the M&A research is provided, the key theories concerning the human side of M&As are identified and the current empirical evidence regarding the top management departure rates following acquisitions is presented. The second part of the work examines how stress, identity management and role changes could explain the high departure rates of acquired executives. Finally, a model on the possible underlying reasons for top managers' departures will be constructed.

2. Mergers and Acquisitions

Mergers and acquisitions represent one of the most popular ways for companies to grow and develop their businesses (Cartwright & Schoenberg 2006). Mergers and acquisitions refer to the form of corporate development in which two organizational entities become one company (Investopedia 2019). The terms mergers and acquisitions are typically used interchangeably in the literature, although, by definition, they describe different situations (Cartwright & Cooper 1992). In a merger, two companies consolidate into a new entity, whereas in an acquisition, the parent company takes over, i.e. buys, the target firm (Investopedia 2019). In this work, the terms are used interchangeably and often simply referred to as M&As. Strategically, M&As are means for managers to obtain synergies (exploiting economies of scale and scope), to expand their businesses to new markets (geographically or product development) or to utilize financial capability (Barney & Walter 1990).

The annual value of M&A activities has been growing for the past 10 years and in 2018, their global value exceeded 3,9 trillion US dollars (Statista.com 2019). Despite of their popularity, on average M&As fail to obtain the pursued synergies and thus, they have no positive effect on the acquiring firm's nor on the target firm's performance (King et al. 2004; Krug & Aguilera 2004). Based on a large meta-analysis, there is no evidence that M&As would enhance the financial performance (e.g. abnormal returns or accounting performance) of the parent firm neither immediately after the deal was announced or later in the post-announcement period (King et al. 2004).

While the majority of M&As fail to fulfil their financial and strategic objectives (Cartwright & Schoenberg 2006), they also have significant social costs that are often overlooked (Giessner, Horton & Humborstad 2016). These human aspects of M&As are examined more closely in the following chapter.

2.1. The Human Side of M&As

M&As represent large scale organizational change that affect the individuals involved. The M&A processes differ from other major organizational changes in “the speed of change, the scale of change and the critical mass of the unknown they present for both parties” (Cartwright & Cooper 1992, p.32). That is, a merger process takes typically years to go through and the related changes for the organizations and its employees are typically extensive (Cartwright & Cooper 1992). Although there are often rumours and speculation already before the merger is officially announced, the actual announcement usually comes as a shock for the employees (Ng, Huang & Young 2019).

Because of their remarkable implications, M&As typically evoke strong reactions in the people involved. Despite possible preceding rumours, mergers are often experienced as unexpected events over which employees have little or no control, which makes the affected individuals feel stressed and threatened (Cartwright & Cooper 1994). Mirvis (1985) proposes that the psychological response to merger resembles the one to a personal loss. According to him, the individual’s reactions go through four stages: (1) disbelief and denial, (2) anger through rage and resentment, (3) emotional bargaining beginning in anger and ending in depression and (4) acceptance. Fixation at the three first stages will result in unproductive behaviour or in the worst case, a decision to leave the company (Mirvis 1985).

An extensive literature review on the human side of M&As was presented by Seo and Hill (2005). Based on a review of over 100 books and articles, they identified six theoretical viewpoints that explain employees’ psychological and behavioural responses to M&A-related organizational change. The theories are anxiety theory, social identity theory, acculturation theory, role conflict theory, job characteristics theory and organizational justice theory. In practice, these theories emerge in the form of stressors, such as uncertainty, loss of identity and intergroup conflict, that are present in different stages of the merger integration. As the stressors are potential sources of problems during M&A process, they can partly explain the massive failure rates of M&As. (Seo & Hill 2005)

It is widely recognised that employees experience high levels of stress and anxiety when facing and going through a merger (Marks & Mirvis 1997). The feelings of anxiety are especially prevalent in the early phases of the integration, when uncertainty about the impact of the M&A on the employees' future jobs and careers is still significant (Seo & Hill 2005). A recommended way to manage anxiety created by M&A is formal, top-down communication that realistically and timely explains the ongoing changes (Schweiger & Denisi 1991).

The social identity perspective on M&As helps explaining the intergroup dynamics during mergers. According to this perspective, the definition of ourselves depends partly on our memberships in various groups, such as professions and organizations (Ashforth & Mael 1989). The social identity theory and the role of organizational identity have been frequently studied in the M&A literature as M&As usually require the creation of a new identity (e.g. Giessner, Horton & Humbostrand 2016; van Knippenberg et al. 2002). When two organizations merge to become one, the former social identities are challenged, and a new post-merger identity is formed.

Acculturation refers to the changes that occur as a result of contact between two (or more) cultural groups (Berry 1980, cited by Seo & Hill 2005). In the context of M&As, acculturation happens during the integration process, when companies with different organizational cultures merge. Problems may arise if the organizational cultures of the merged companies differ significantly (Seo & Hill 2005). Poor cultural fit or lack of cultural compatibility are often blamed for M&A failure, even though evidence supporting the claim is rather weak (Cartwright & Schoenberg 2006). Acculturation stress and culture clashes arise when people feel threatened and are afraid of losing their accustomed way of doing things (Seo & Hill 2005).

Role conflict theory approaches M&As from the perspective of incompatibility and uncertainty of roles (Seo & Hill 2005). A role is "a set of expectations about behaviour for a position" (Seo & Hill 2005, p. 430). If these expectations are not clear, the employee experiences uncertainty about their role in the organization. Role conflict and ambiguity may lead to lowered job satisfaction (Igbaria & Guimaraes 1993; Wu & Norman 2006), which is further related to turnover intentions and actual turnover (Shore & Martin 1989; Tett & Meyer 1993). As M&As usually involve new arrangements related to the organizational structure and the roles of employees (Cartwright & Cooper 1992), role conflicts can emerge. Employees can, for example, experience conflict between old and new job demands, or between remaining loyal to old co-workers and implementing the changes required by the M&A (Seo & Hill 2005). Marks

and Mirvis (1992) propose that strong managerial leadership and clear team building activities can help in developing and clarifying employees' roles in the new merged organization. By investing in systematic post-merger team building, managers could reduce employee turnover (Marks & Mirvis 1992).

The job characteristic theory by Hackman and Oldham (1975) proposes that core job dimensions (skill variety, task identity, task significance, autonomy and feedback) affect how individuals experience the meaningfulness and responsibility of their work, which in turn has an impact on the level of motivation and job satisfaction. The theory has been widely applied to different industries and organizations (e.g. Lee-Ross 1998; Ali et al. 2014), and despite of the received critique, it has remained as one of the key theories explaining job satisfaction and work motivation (e.g. Fried & Ferris 1987; Behson, Eddy & Lorenzet 2000). Based on this theory, the changes in job characteristics and work environment following a merger may explain the changes in employee behaviour after M&As (Seo & Hill 2005). As employees go through an array of changes in M&As, such as changes in roles, assignments, compensation, career paths and organizational status (Schweiger, Ivancevich & Power 1987; Cartwright & Cooper 1992), it is no wonder that there are several behavioural consequences.

The sixth viewpoint to human side of M&As is the organizational justice theory, that is interested in the perceived fairness of the treatment of employees in M&As (Seo & Hill 2005). Organizational justice theory compasses three forms of justice, which are distributive justice (perception of outcomes in relation to the related inputs), procedural justice (fairness of the procedures by which outcomes were determined) and interactional justice (how management treats the affected individuals) (Klendauer & Deller 2009). Especially interactional justice has been identified to be positively related to organizational commitment (Klendauer & Deller 2009), which emphasizes the need for respectful treatment of employees. The perceived fairness can also lead to greater identification with the new merged organization and be further related to positive changes in job satisfaction (Amiot, Terry & Callan 2007).

The presented theories and related stressors affect all the employees in the target company, including the senior managers. The top management team, i.e. senior-level executives such as Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and President, has an important role in setting the overall direction of the company and in deciding over new team structures and roles (Marks & Mirvis 1992). However, the top managers themselves are also exposed to the changes implied by the merger and they need to

go through uncertainties and stressful situations as well. Research shows that both the general employee turnover intentions and the top management team turnover increase significantly as a result of an acquisition (Armstrong-Stassen et al. 2001; Krug 2003). Because of senior managers' greater familiarity with and proximity to acquisitions (Paustian-Underdahl et al. 2017), the following sections focus on examining the relation between the above presented stressors and top management turnover.

2.2. Top Management Turnover Following Acquisitions

M&As result in personnel losses and redeployment that are caused by rationalization and role duplication (Cartwright & Cooper 1992). Concurrently, also voluntary turnover is increased (Cartwright & Cooper 1992). Past empirical findings show clear evidence that the top management turnover is higher than average in acquired firms (e.g. Walsh 1988; Lubatkin, Schweiger & Weber 1999; Krug 2003; Krug, Wright & Kroll 2014). Walsh (1988) was the first to provide empirical evidence for the higher than average departure rates. He followed top management teams of acquired companies for five years from the date of acquisition. The turnover rates of acquired firms were twice as high when compared with the control group. On average, a quarter of the top management team left within the first year following the acquisition and after five years, only 40% of the original top management team was remaining in the company. (Walsh 1988)

Similar results were found by Krug (2003) who followed the careers of more than 12,000 executives in 473 merged and non-merged firms over a 15-year period and found out that the turnover rate in merged companies was significantly higher for a minimum of nine years after the acquisition. The average turnover rates among incumbent executives was the highest in the first and second years after the acquisition. In merged companies the yearly depart rate during the follow-up period of nine years averaged nearly 19%, whereas in companies that had never undergone a merger the rate was 9%. As the rate was twice the normal still after nine years, it implies that not only the incumbent executives left at a higher rate, but also the new hires. (Krug 2003)

The relationship between top management turnover and post-acquisition performance has been widely studied (e.g. King et al. 2004; Andre, Kooli & L'her 2004; Haleblan et al. 2009; Butler, Perryman & Raft 2012), yet the conclusions whether there is a causal effect remains unclear. Much of the early research on the consequences of top management turnover focuses on two opposite theoretical viewpoints: market for corporate control perspective and the resource-

based view (Butler, Perryman & Raft 2012). The market for corporate control perspective was first introduced by Manne in 1960s and it was the dominant view for over two decades (Krug, Wright & Kroll 2014). According to Manne (1965), mergers are a way for outside firms, i.e. the market, to correct poor firm performance by replacing incompetent executives in the acquired firms. Hence, based on this view, the top management turnover at the acquired firm is expected to have a positive effect in post-acquisition performance.

The resource-based view takes the opposite point of view. This perspective proposes that the executives of the acquired companies are valuable resources, and their retention results in higher post-acquisition performance (Butler, Perryman & Ranft 2012). This reasoning stems largely from two empirical studies that both studied publicly traded US companies that were acquired in the 1980s (Cannella & Hambrick 1993; Krishnan, Miller & Judge 1997). The study by Cannella and Hambrick (1993) examined the performance of acquired companies by using expert informants and based on their perceptions concluded, that “executives from acquired firms are an intrinsic component of the acquired firm's resource base, and that their retention is an important determinant of post-acquisition performance” (Cannella & Hambrick 1993, p. 137). The relation was explained by the loss of firm-specific skills and experience that are difficult to replace in the short term (Cannella & Hambrick 1993). The study by Krishnan et al. (1997) came to the same conclusion by using a very different kind of methodology, i.e. by using accounting measures of performance.

To systematically examine the relationship between top management turnover and post-acquisition performance, Butler et al. (2012) conducted a meta-analysis that covered 29 scientific articles and a total of 5,394 firms. The findings support the resource-based view and conclude that post-acquisition turnover of executives was found to have a negative effect on the performance of an organization after acquisition (Butler, Perryman & Raft 2012). However, the relationship might be more complex and differ depending on the specific conditions under which the acquisition takes place (Krug, Wright & Kroll 2014). For example, replacing executives with redundant skill-sets or non-compatible traits might be beneficial (Krug, Wright & Kroll 2014).

The negative relationship between top management turnover and post-acquisition performance emphasizes the need to better understand the reasons why executives are leaving the acquired firms. Moreover, turnover causes additional human resources costs such as recruitment and training expenses (Park & Shawn 2013). By understanding the antecedents and mechanisms

behind the increased departure rate, applicable actions could be taken to minimize the negative effects. As stated by Krug et al. (2014, p. 32), “turnover may best be understood by looking at executives’ psychological attributes and perceptions of the acquisition”. The underlying reasons and factors explaining the phenomenon are examined in the following section.

3. Antecedents of Top Management Turnover Following Acquisitions

While it is clear that the target company’s top management turnover increases after acquisition, the reasons behind the abnormal departure rates are still mostly undiscovered. Some factors related to top management turnover following acquisitions have been identified, but the level of empirical evidence is rather weak. Only a few studies have systematically examined the determinants of post-acquisition departures.

On macro level, poor pre-acquisition performance has been found to be related to increased top management turnover (Bilgili et al. 2017). Even though the theory of market for corporate control does not hold as the general driving force for acquisitions – as most acquired companies seem to outperform the market (Krug, Wright & Kroll 2014) – it does give support for the relationship between pre-M&A performance and top management turnover. The lower the pre-acquisition performance, the higher the top management turnover rate (Bilgili et al. 2017).

On average in cross-border acquisitions, the executive turnover is increased (Krug & Aguilera 2004). The industry characteristics seem to have an important role in this. In industries, where localization of the offering is important, retaining local executives with in-depth knowledge of the market may be more crucial and an important source of value creation (Krug, Wright & Kroll 2014). The opposite is true for global industries, where local knowledge is less critical to the firm’s long-term success (Krug, Wright & Kroll 2014).

Other suggested determinants for top management turnover following acquisitions include top management team characteristics, the acquired managers’ expected contributions to acquisition objectives, executive seniority and industry-relatedness (Krug, Wright & Kroll 2014). In conclusion, the top management turnover seems to very context-dependent and influenced by numerous macro-, meso- and micro-level factors. However, these identified factors fail to depict the individual-level reasons for leaving the company voluntarily, which are the main focus of this thesis.

Both, the general theories related to human side of M&As and the current empirical evidence on the top management turnover rates following acquisitions, are linked together in the

following sections. By further examining the psychological phenomena related to organizational changes and more specifically to M&As, a model on the possible underlying reasons for top managers' departures will be constructed. For this purpose, the topic will be discussed from three viewpoints:

- 1) First, an overview on M&A-related stress and its relation to the phenomenon of merger syndrome will be provided.
- 2) Secondly, the role of organizational identity in M&As and the problems related to the lack of post-merger identification will be discussed.
- 3) Finally, the changes in role and job characteristics and how they relate to post-merger stress will be examined.

These three viewpoints were chosen because they arise strongly from the literature as some of the most promising theories explaining individuals' negative reactions after mergers (e.g. Marks & Mirvis 1997; Cartwright & Schoenberg 2006; Giessner, Horton & Humborstad 2016; Sarala, Vaara & Junni 2019). Moreover, the chosen theories focus on personal experiences and perceptions that can explain why a top-level manager decides to leave their current company, which is the main interest of this thesis.

3.1. Post-merger Stress

Stress describes an individual's response to a situation where they are subject to pressure. The relationship between stressors (sources of stress) and strains (psychological, physical and behavioural reactions) is explained by multiple theories, one of which is the transactional model of stress by Lazarus and Folkman (1984). The Lazarus and Folkman's model has been widely used in the literature studying work-related stress, which supports its suitability to depict the complex relationships between a stressor and a reaction. The transactional model of stress argues that an individual's experience of stress is ultimately a process of evaluation, response and adaptation. Thus, the reaction itself is determined by the individual's perception of the situation, not by predefined objective factors (Marks & Mirvis 1997). First, the individual engages in primary appraisal to estimate the degree to which the situation is potentially harmful, threatening or challenging (Lazarus & Folkman 1984). Next, a secondary appraisal is done to evaluate whether the available resources are sufficient to cope with the stressor (Lazarus & Folkman 1984). Situations interpreted as harmful or threatening are experienced negatively, whereas a challenge is more related to positive feelings (Paustian-Underdahl et al. 2017). Physiologically, the natural reaction to stress is the so-called fight-or-flight response, i.e. the

activation of sympathetic nervous system that leads to several somatic symptoms, such as increased heart rate, increased blood pressure and sweating (Nixon et al. 2011). Emotional and behavioural reactions include, for example, feelings of anxiety or frustration (Nixon et al. 2011).

Typical job stressors are interpersonal conflict, organizational constraints, role ambiguity, role conflict, workload, work hours and lack of control (Nixon et al. 2011). Change situations and uncertainty as such can also be major sources of stress for people (Lazarus & Folkman 1984). Many of these stressors can be present in M&As and contribute to the emergence of post-merger stress. To describe the negative employee reactions in M&As, Marks and Mirvis (1986, 1997) introduced the term “merger syndrome”. Merger syndrome is used as a summary construct to characterize different types of behavioural and psychological reactions among employees and executives, such as change of identity, stress, power games, feelings of insecurity and anxiety (Sinkovics, Zagelmeyer & Kusstatscher 2011). Ever since the concept of merger syndrome was introduced by Marks and Mirvis (1985), it has been one of the dominant viewpoints to examine behavioural responses to mergers.

According to Marks and Mirvis (1997), executives’ key sources of stress in mergers are increased amount of work and uncertainties concerning the future. Taking care of responsibilities related to combining firms while supporting the employees and tolerating insecurities concerning their own job, can lead to substantial overall pressure on top managers. The managers’ large workload in merger integration is often ignored, while it can be a significant source of stress (Marks & Mirvis 1997). At worst, solely the increased amount of work can cause physiological symptoms, as high workload is positively related to several stress symptoms, such as headaches, sleep disturbances and fatigue (Nixon et al. 2011).

Empirical evidence on mergers’ health implications for the affected individuals’ psychological and physiological wellbeing is limited but gives support to the merger syndrome theory. Marks and Mirvis (1997) reported an increased incidence of high blood pressure in a large manufacturing company that was an acquisition target. Additionally, the interviewed executives reported having headaches, flu symptoms, sleeplessness and increased alcohol and drug usage. Cartwright and Cooper (1993) found that managers in a financial services merger had elevated mental ill-health scores after the merger. Siu, Cooper & Donald (1997), for their part, found elevated stress levels in employees of an acquired TV company in Hong Kong. These observed

physiological symptoms are a result of the fight-or-flight response, that was briefly presented above.

As mentioned, a certain type of situation is not enough to create stress by itself, but the development of stress reaction requires an interpretation of the situation by the individual in question. According to the transactional model of stress (Lazarus & Folkman 1984), the appraisal of a novel situation depends highly on the extent to which the individual believes they will be able to cope with the situation. As a result, new situations can be either experienced as threats or positive challenges.

In the context of M&As, the employee's perception of the opportunities post-M&A affect their reactions. Teerikangas (2012) conducted an interview-based inductive study to develop a model of the dynamics of acquired firm employee reactions. She found that depending on the employees' perceptions of the upcoming acquisition, the acquisition resulted in either motivation or uncertainty. So, acquisitions evoked more positive employee reactions when they were perceived as opportunities instead of threats. (Teerikangas 2012)

Paustian-Underdahl et al. (2017) studied the same phenomenon by examining the relationship between perceived growth opportunities and employee reactions in M&As. As an additional dimension they included the national context in the analysis, to examine whether the country-level economic development has a mediating role for employees' perceptions about growth and development post-M&A. They analysed employee opinion survey data that was collected from 10,803 managers and executives in 29 countries. The results of the study indicate that perceived growth opportunities post-M&A are associated with positive employee reactions and outcomes, such as work-life balance, job satisfaction, organizational satisfaction and reduced turnover intentions (Figure 1). The effects of an M&A on employee attitudes and outcomes was moderated by economic development, so that in more advanced economies, M&As were associated with a reduction in perceived growth opportunities, the contrary was true for less advanced economies. The findings of both Paustian-Underdahl et al. (2017) and Teerikangas (2012) were consistent with the transactional model by Lazarus & Folkman (1984) and provided empirical evidence for the role of personal appraisal in stress.

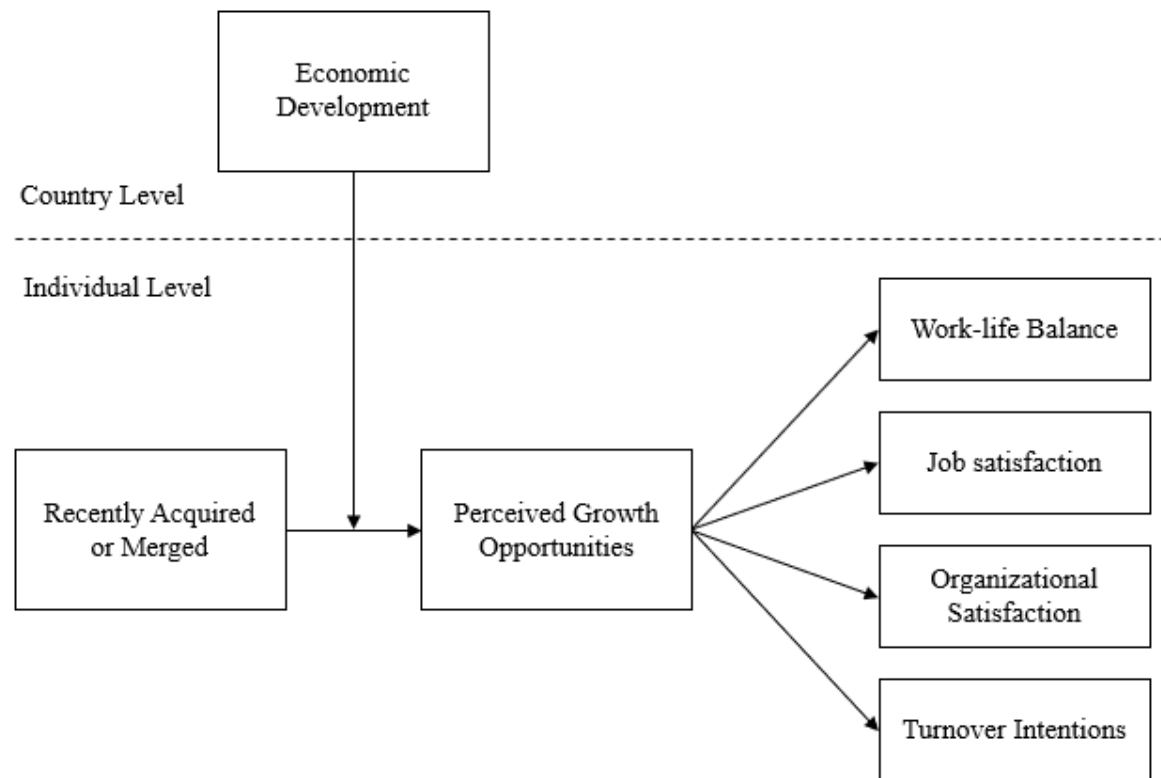


Figure 1. The role of economic development and perceived growth opportunities in employee reactions to M&As (Paustian-Underdahl et al. 2017)

Based on the presented evidence, it can be concluded that most mergers are stressful events that cause emotional, behavioural and physiological strain to the individuals involved. But how does the experience of stress relate to executives' high departure rates? The relationship between the two can be at least partly explained with the concept of coping. Coping is defined as the individual's cognitive and behavioural efforts to manage stress (Lazarus & Folkman 1984). Traditional approach to coping emerges from animal experimentation, according to which coping includes actions that control aversive conditions. This perspective emphasizes avoidance and escape behaviour. The feasibility of the animal model has however been questioned and challenged by an alternative approach by Lazarus and Folkman (1984). They distinguish two different types of coping: emotion-focused forms of coping and problem-focused forms of coping. Emotion-focused strategies are directed to decreasing emotional distress by e.g. avoiding, minimizing and distancing from the negative event. Problem-focused forms of coping, in turn, use strategies that are familiar from problem-solving: defining the problem, creating alternative solutions, comparing the alternatives and choosing among them. Typically, the emotion-focused and problem-focused strategies are used concurrently. (Lazarus & Folkman 1984)

Behavioural employee reactions and outcomes for M&As could reflect employees' ways to handle stress. The top management of the company is probably under an extreme pressure, while trying to balance between supporting other employees and going through negative feelings themselves. Negative perception of the merger and low perceived growth opportunities post-M&A result in uncertainty and high level of stress, which the top management need to either cope with or get rid of. If the job does not feel to provide opportunities for personal growth and development, resigning can then be one way to handle the situation. Leaving a job that comes with a lot of pressure can then be a rational choice to minimize work-related stressors or simply a coping strategy for stress by escaping the situation and avoiding the source of it. In reality, the relation is probably more complex and mediated by several other employee reactions, such as job satisfaction and work motivation.

3.2. Post-merger Identification

As described previously, the social identity theory outlines that individuals define themselves partly based on their memberships in social categories and groups (Ashforth & Mael 1989). Because we spend a significant part of our time at work, it is no wonder, that the organizations we work in, start to be a part of our identities. Organizational identification is a specific form of social identification that describes an individual's willingness to define themselves as a member of a particular organization (Haslam & Ellemers 2005). The stronger the identification, the more the individual engages in behaviour that supports the organization's goals and functioning (Giessner, Horton & Humbostrand 2016). If the top managers have high organizational identification, they can be expected to lead the company in a way that supports its success.

Ashforth and Mael (1989) explain that several factors contribute to the development of social identification in organizations. The first antecedent is the groups' distinctiveness, that is differentiation from other groups. The shared values and practices, and perception of being different from others, support the development of a unique, shared identity. The second factor increasing identification is the prestige of the group. This describes people's tendency to identify themselves with winners and popular ideas. Third related factor is out-group salience, that is related to the awareness of intergroup dynamics. Awareness of one's in-group is reinforced by the awareness on the existence of out-groups. Finally, factors that are related to group formation, such as interpersonal interaction, similarity, shared goals and common history, support individuals' identification with a group. (Ashforth & Mael 1989)

Correspondingly, general consequences of social identification have been identified. First, organizational identification increases behaviour that supports the organizations functioning and enhances individual's commitment to it (Ashforth & Mael 1989). That is, the in-role behaviour (i.e. behaviour defined by one's formal employment contract) and extra-role behaviour (i.e. behaviour that is not defined by one's formal employment contract but is seen beneficial for the organization) are enhanced (Riketta 2005; Riketta & van Dick 2005). Secondly, identification affects outcomes that are typically associated with group formation (Ashforth & Mael 1989). These outcomes include for example intragroup cohesion, cooperation, altruism and positive evaluations of the group (Turner 1982; Turner 1984). Finally, identification further enhances the antecedents of identification that were explained in the previous chapter (Ashforth & Mael 1989). All these outcomes have relevant implications for organizations.

The role of identity in organizational changes has been identified in the literature but the underlying psychological processes are still poorly understood (e.g. van Knippenberg et al. 2002; Giessner, Horton & Humborstad 2016). Only few studies have investigated identity issues from the perspective of top management teams, but the existing literature gives support to the importance of identity management in M&As (Vaara 2001; Clark et al. 2010). For example, Vaara (2001) found that role identity issues at the individual level among top management was related to high levels of tension and severe conflicts in a merger of two Finnish firms.

Giessner et al. (2016) explored the role of identity management in organizational mergers by reviewing literature around the topic. By applying the social identity theory to mergers, they identified key empirical insights and formed practical advice for executives. Giessner et al. (2016) concluded that the development of post-merger identification is crucial. It is especially important for creating a sense of continuity, as employees might feel threatened if they perceive that the organization they work for is ultimately no longer the same one it used to be. Because employees tend to identify with the pre-merger organization more than with the new post-merger organization, problems may arise. These "us-versus-them" dynamics are often present after mergers and may be accompanied with other intergroup conflicts (Marks & Mirvis 1992; Marks & Mirvis 1997). The observed comparisons between merged organizations are clear evidence of the in-group vs. out-group thinking, that was mentioned as one of the consequences of social identification. Thus, "us-versus-them" dynamics appear especially if identification with the pre-merger organization was strong.

While the post-merger identification is said to be an important criterion of successful M&As (van Dick, Ullrich & Tissington 2006), the factors and practices supporting high level of identification need to be identified. Van Knippenberg et al. (2002) examined, if organization's higher status or dominant role in merger affects the level of employees' post-merger identification. They conducted two surveys for public organizations that had recently undergone a merger to measure employees' pre- and post-merger identification. In both mergers, there were clear power differences between the merged organizations. That is, one of the merged organizations was clearly dominant to the other. The results showed stronger relationship between the pre- and post-merger identification for employees from the dominant partner than for the employees of the dominated organization. The findings propose that a dominant position in a merger is related to a higher sense of continuity and lack of concern with interorganizational differences. (van Knippenberg et al. 2002)

Supporting evidence for the importance of post-merger identification was found in the study of van Dick et al. (2006). They studied relationships between post-merger organizational identification and employee outcomes in a recently merged German hospital. It was found that post-merger identification was related to many behavioural and psychological outcomes. Employees with higher post-merger identification had higher job satisfaction, higher organizational citizenship scores and lower levels of turnover intentions. (van Dick, Ullrich & Tissington 2006) Also these results highlight the crucial role of identity management in organizational mergers.

Overall, it seems that maintaining a sense of continuity and supporting strong post-merger identification is important to avoid negative reactions in the employees of the merged organizations. If a negative organizational identity is perceived, people tend to find strategies to cope with it. This can lead to various unfavourable reactions such as dysfunctional behaviour or decision to leave the company (Giessner, Horton & Humborstad 2016). For top management, who typically represent the company in public, lack of identification with the post-merger organization could have even more severe consequences for their job satisfaction and intentions to stay or leave.

3.3. Changes in Role and Job Characteristics

Characteristics of work describe both the nature of the job itself and the social and physical settings in which it happens. They have an impact on (Morgeson, Garza & Campion 2012):

- attitudinal outcomes, e.g. feelings towards job, team or organization;
- behavioural outcomes, e.g. job performance, counterproductive behaviours and turnover;
- cognitive outcomes, e.g. role perceptions, turnover intentions and team identification;
- and well-being outcomes, e.g. stress, engagement and safety.

Mergers typically result in plenty of changes in the characteristics of work, such as changes in roles, assignments, compensation, career paths and organizational status (Schweiger, Ivancevich & Power 1987). Schweiger et al. (1987) studied employees who had experienced changes in job characteristics as a result of an acquisition and found that the level of autonomy and responsibility had often decreased after the acquisition. Even though the individuals still had the same title, the tasks and responsibilities of the job had substantially changed. The perceived changes had a negative impact to their attachment to the job. These findings are supported by the job characteristics theory by Hackman and Oldham (1975), that identified the links between job characteristics and job satisfaction.

The relationship between job characteristics and turnover intention was studied by Chen, Lin & Lien (2011). They used a research model based on Hackman and Oldham's (1975) job characteristics theory (Figure 2). They found that job stress had an important mediating role in predicting employees' turnover intentions in the Taiwanese banking sector. Job stress itself was influenced by various determinants. Out of the examined job characteristics, role-related factors (role conflict, role ambiguity and role overload) were the only ones that had a statistically significant relationship to job stress and further turnover intentions. Support from co-worker or supervisor, autonomy or fairness of reward were not related to job stress in that study.

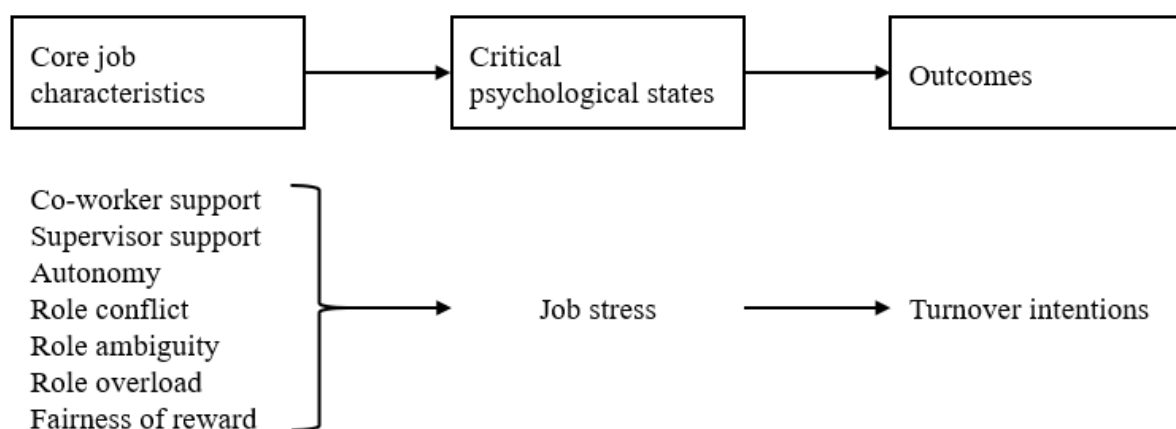


Figure 2. Mediating role of job stress in predicting turnover intention (Chen, Lin & Lien 2011)

One of the core job dimensions mentioned by Hackman and Oldham (1975) is autonomy. The loss of autonomy and its effects on top management turnover were studied by Hambrick and Cannella (1993) as a part of a framework built on social processes. The framework was developed based on empirical findings on 430 executives from 97 public US companies that had undergone a merger during the period 1980–84. Hambrick and Cannella (1993) propose, that much of the high turnover rates of acquired top managers can be explained by the relative social status and the loss of autonomy. These phenomena are described with the concept of relative standing, that was first introduced by Frank (1985) “to describe an individual’s status relative to that of others in a proximate social setting” (Hambrick & Cannella 1993, p. 736). In some acquisitions, the acquired executives end up with very low relative standing, as their autonomy and status are removed. The access to centres of power, titles and inclusion might be decreased and consequently, they feel inferior to the acquirers who, in turn, have a dominant role in the new merged company (Hambrick & Cannella 1993).

The meta-analytic review by Bilgili et al. (2017) provides additional support for the theory of relative standing. They studied the antecedents of top management turnover by quantitatively synthesizing empirical research on the effect of two firm characteristics (acquired firm pre-acquisition performance and acquiring firm acquisition experience) and two deal characteristics (level of integration and relative firm size). Based on their analysis, the pre-acquisition performance of the acquired firm was negatively correlated with the top management team turnover. A potential explanation for this is that “executives of poorly performing firms are more likely to be dismissed or to leave post-acquisition, perhaps because they are likely to experience lower status and confined discretion” (Bilgili et al. 2017, p. 1991). This conclusion can be applied to both voluntary and involuntary turnover, as even if an executive of a of poorly performing firm is not replaced immediately after the company has been acquired, they might feel inferior and depart voluntary (Hambrick & Cannella 1993). However, it is worth to note that Bilgili et al. (2017) did not directly measure the executives’ perceptions of relative standing, but rather “conditions that may induce perceptions of lower relative standing” (Bilgili et al. 2018, p. 1971).

Another key finding by Bilgili et al. (2017) was that a high level of integration is related to increased top management turnover. Although successful integration of the merged firms is needed to achieve synergies and thereby desirable post-acquisition performance (Bilgili et al. 2017), high levels of integration might limit the acquired managers’ level of autonomy. Consequently, the acquired top management team is more likely to depart when they feel

inferior to and dominated by the acquirer firm. This is consistent with the findings of Lubatkin et al. (1999), which suggest that perceptions of autonomy removal partly explain the post-acquisition top management turnover.

Relative standing is linked to the identity management perspective presented earlier, as the relative status affects the extent to which employees are willing to accept a new identity during an M&A (Terry & O'Brien 2001). If the target company's employees with a lower relative status question the legitimacy of the parent company's high status, they are likely to have a negative response to the merger and lower identification with the new merged organization (Terry & O'Brien 2001). Also, if the parent company perceives their high status to be legitimate, they might see the merger as a potential threat to the current state and therefore react less favourable to the merger (Terry & O'Brien 2001). These findings are coherent with the earlier presented study by van Knippenberg et al. (2002), where a dominant role in the merger was related to a greater sense of continuity and higher post-merger identification.

To summarize, the changes in job characteristics are a major source of job-related stress and can explain the negative feelings and reactions related to M&As. Additionally, relative standing and status of the merged companies affect the level of post-merger identification and top management turnover.

4. Discussion and Conclusions

The purpose of this thesis was to better understand the key stressors managers face during and after mergers, and how these are linked to intentions to leave the company. The work consisted of two parts. The first part provided justification for the research topic in question by presenting the background for the study and by identifying the key theories of the human side of M&As. The second part of the study examined how stress, identity management and role changes could explain the high departure rates of acquired executives.

Based on the reviewed literature, it can be concluded that mergers are stressful events that strongly affect the individuals involved. The various changes implied by M&As cause top managers to feel uncertain, threatened and stressed (Marks & Mirvis 1997; Teerikangas 2012; Cartwright & Schoenberg 2006). Especially lack of autonomy and sense of discontinuity explain low levels of attachment to the job and lack of post-merger identification (Schweiger, Ivancevich & Power 1987; Giessner, Horton & Humborstad 2016). Poor identification with the new post-merger organization can lead to various unfavourable reactions such as dysfunctional

behaviour or decision to leave the company (Giessner, Horton & Humborstad 2016). When in-role and extra-role behaviours are diminished (Riketta 2005; Riketta & van Dick 2005), lower job performance and organizational commitment can be observed. The low levels of job satisfaction, work motivation and organizational commitment can then lead to increased turnover intentions and further, to higher levels of actual turnover (Shore & Martin 1989; Tett & Meyer 1993). To summarize these underlying reasons and determinants of top management turnover following acquisitions, an illustrative model was constructed (Figure 3).

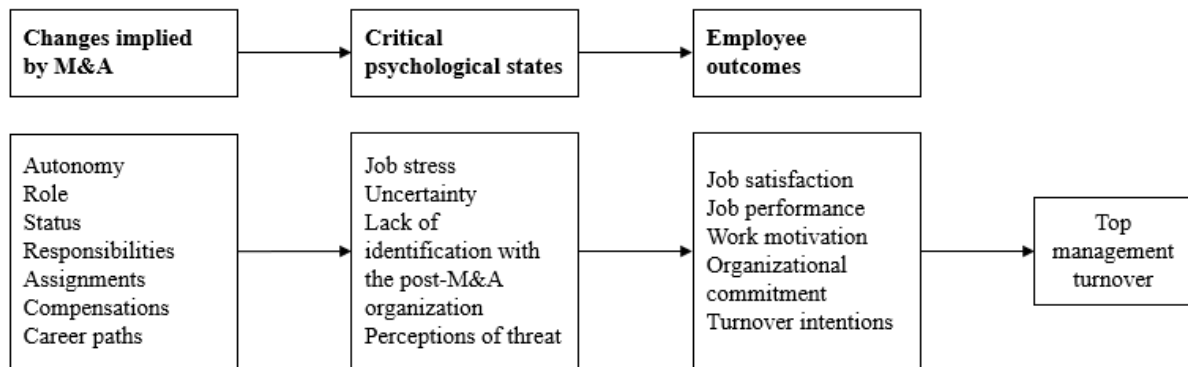


Figure 3. Underlying reasons and determinants of top management turnover following M&As

It should be noted, that the relationships between M&A-implied changes, critical psychological states and employee outcomes are not straightforward. Typically, psychological states are interrelated. For example, perceptions of threat and uncertainty are clear sources of job stress (Marks & Mirvis 1997; Paustian-Underdahl et al. 2017). The same holds true for the behavioural and psychological reactions (Tett & Meyer 1993). The interrelations and causal paths between different factors should be further examined.

The psychological states and behavioural reactions covered in this thesis, are not exhaustive reasons for post-acquisition top management turnover. The scope of this thesis excluded many factors that have been identified to play an important role in M&A activities. For example, organizational culture and related culture clashes and acculturation stress were briefly mentioned as one perspective to the human side of M&As, but not examined in more detail. Culture clashes and acculturation stress are likely to be additional factors that explain the employee reactions in M&As (Seo & Hill 2005), but for a more elaborated analysis on the role of culture in M&As, the interested reader is directed to other literature (e.g. Cartwright & Cooper 1992; Seo & Hill 2005).

The relative standing and power differences were identified as factors affecting employee experiences and responses, such as sense of continuity and post-merger identification (Terry & O'Brien 2001; van Knippenberg et al. 2002; Bilgili et al. 2017). As “merger is rarely a marriage between equals” (Cartwright & Cooper 1992, p. 32), power differences are an important aspect and its role in predicting top management turnover should be studied in more detail.

The findings of this thesis emphasize the serious consequences M&As have for the individuals involved. The management and employees of the merged organizations go through periods of severe changes that put them under significant pressure and stress. To minimize the potential negative outcomes, best practices should be identified, and formal social policies developed. The central role of human resource management practices and communications has been recognized (Schweiger & Denisi 1991; Marks & Mirvis 1992), but more practical guidelines should be developed. Especially, there is a need to better understand how the top management teams can be supported in mergers as most currently available practical guidelines are developed for managers so that they can support employees. In general, more research focusing on the top management's personal experiences in M&As is needed.

Key limitations of this thesis are related to the design and scope of study. The lack of empirical evidence for the proposed model (Figure 3) of the underlying reasons and determinants of top management turnover following acquisitions should be noted. As mentioned, neither the proposed model nor the presented human and psychological factors are exhaustive as several significant perspectives for the human side of M&As were not examined due to the limited scope. Moreover, in this thesis, all M&As were examined alike and no difference was made between e.g. hostile and friendly takeovers. The relationship between the type of merger and top management turnover provides one interesting topic for future research.

General challenge in the field of M&A research is the sensitivity of the situation (Cartwright 2005). Due to the secrecy surrounding M&As, gathering data before the announcement of the upcoming merger is nearly impossible. As soon as there are rumours about an upcoming merger, the thoughts, perceptions and feelings of the employees have changed. Consequently, a lot of the literature around the human side of M&As is based on theoretical models that have not been tested in organizational settings. This limitation holds true for this thesis as well. Regarding the currently available empirical evidence, most of it is gathered in cross-sectional designs. Similarly, pre- and post-merger comparisons typically rely on retrospective methods

(Cartwright 2005). Longitudinal studies would be needed to better estimate causal relations between the changes implied by M&A and employee reactions.

In conclusion, top management turnover increases in the years following mergers, and there are several psychological and behavioural responses that precede the managers' actual decision to leave the company. High level of stress, lack of identification with the new merged company and changes in job characteristics are some of the underlying reasons and determinants of top management turnover. More research is needed to better understand the top managers' personal experiences and how the negative reactions could be minimized.

References

- Ali, S.A.M., Said, N.A., Kader, S.F.A., Ab Latif, D.S. and Munap, R., 2014. Hackman and Oldham's job characteristics model to job satisfaction. *Procedia – Social and Behavioral Sciences*, 129(2014), pp.46-52.
- Amiot, C.E., Terry, D.J. and Callan, V.J., 2007. Status, equity and social identification during an intergroup merger: A longitudinal study. *British Journal of Social Psychology*, 46(3), pp.557-577.
- Andre, P., Kooli, M. and L'her, J.F., 2004. The long-run performance of mergers and acquisitions: Evidence from the Canadian stock market. *Financial Management*, 33(4), pp.27-43.
- Armstrong-Stassen, M., Cameron, S.J., Mantler, J. and Horsburgh, M.E., 2001. The impact of hospital amalgamation on the job attitudes of nurses. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 18(3), pp.149-162.
- Ashforth, B.E. and Mael, F., 1989. Social identity theory and the organization. *Academy of management review*, 14(1), pp.20-39.
- Barney, J.B. and Walter, G.A., 1990. Management Objectives in Mergers and Acquisition. *Strategic Management Journal*, 11(1), pp.79-86.
- Behson, S.J., Eddy, E.R. and Lorenzet, S.J., 2000. The importance of the critical psychological states in the job characteristics model: A meta-analytic and structural equations modeling examination. *Current research in social psychology*, 5(12), pp.170-189.
- Bilgili, T.V., Calderon, C.J., Allen, D.G. and Kedia, B.L., 2017. Gone with the wind: a meta-analytic review of executive turnover, its antecedents, and postacquisition performance. *Journal of Management*, 43(6), pp.1966-1997.
- Butler, F.C., Perryman, A.A. and Ranft, A.L., 2012. Examining the effects of acquired top management team turnover on firm performance post-acquisition: A meta-analysis. *Journal of Managerial issues*, 24(1), pp.47-60.
- Cannella Jr, A.A. and Hambrick, D.C., 1993. Effects of executive departures on the performance of acquired firms. *Strategic Management Journal*, 14(S1), pp.137-152.

- Cartwright, S., 2005. Mergers and acquisitions: An update and appraisal. *International Review of Industrial and Organizational Psychology* 2005, 20, pp.1-38.
- Cartwright, S. and Cooper, C.L., 1992. Mergers and Acquisitions: The Human Factor. Oxford: Butterworth-Heinemann Ltd.
- Cartwright, S. and Cooper, C.L., 1993. The psychological impact of merger and acquisition on the individual: A study of building society managers. *Human relations*, 46(3), pp.327-347.
- Cartwright, S. and Cooper, C.L., 1994. The human effects of mergers and acquisitions. *Journal of Organizational Behavior*, 1994, pp.47.
- Cartwright, S. and Schoenberg, R., 2006. Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British journal of management*, 17(S1), pp.S1-S5.
- Chen, M.F., Lin, C.P. and Lien, G.Y., 2011. Modelling job stress as a mediating role in predicting turnover intention. *The Service Industries Journal*, 31(8), pp.1327-1345.
- Clark, S.M., Gioia, D.A., Ketchen Jr, D.J. and Thomas, J.B., 2010. Transitional identity as a facilitator of organizational identity change during a merger. *Administrative Science Quarterly*, 55(3), pp.397-438.
- Fried, Y. and Ferris, G.R., 1987. The validity of the job characteristics model: A review and meta-analysis. *Personnel psychology*, 40(2), pp.287-322.
- Giessner, S.R., Horton, K.E. and Humborstad, S.I.W., 2016. Identity management during organizational mergers: Empirical insights and practical advice. *Social Issues and Policy Review*, 10(1), pp.47-81.
- Hackman, J.R. and Oldham, G.R., 1975. Development of the job diagnostic survey. *Journal of Applied Psychology*, 60(2), pp.159-170.
- Haleblian, J., Devers, C.E., McNamara, G., Carpenter, M.A. and Davison, R.B., 2009. Taking stock of what we know about mergers and acquisitions: A review and research agenda. *Journal of management*, 35(3), pp.469-502.
- Hambrick, D.C. and Cannella Jr, A.A., 1993. Relative standing: A framework for understanding departures of acquired executives. *Academy of Management journal*, 36(4), pp.733-762.
- Haslam, S.A. and Ellemers, N., 2005. Social identity in industrial and organizational psychology: Concepts, controversies and contributions. *International review of industrial and organizational psychology*, 20(1), pp.39-118.
- Igbaria, M. and Guimaraes, T., 1993. Antecedents and consequences of job satisfaction among information center employees. *Journal of Management Information Systems*, 9(4), pp.145-174.
- Investopedia, 2019. Mergers and Acquisitions – M&A. Viewed 16 October 2019, <https://www.investopedia.com/terms/m/mergersandacquisitions.asp>
- King, D.R., Dalton, D.R., Daily, C.M. and Covin, J.G., 2004. Meta-analyses of post-acquisition performance: Indications of unidentified moderators. *Strategic management journal*, 25(2), pp.187-200.
- King, D.R., Bauer, F. and Schriber, S., 2018. Mergers and Acquisitions: A Research Overview. New York: Routledge.

- Klendauer, R. and Deller, J., 2009. Organizational justice and managerial commitment in corporate mergers. *Journal of Managerial Psychology*, 24(1), pp.29-45.
- Krishnan, H.A., Miller, A. and Judge, W.Q., 1997. Diversification and top management team complementarity: Is performance improved by merging similar or dissimilar teams? *Strategic management journal*, 18(5), pp.361-374.
- Krug, J.A., 2003. Why do they keep leaving? *Harvard Business Review*, 81(2), pp.14-15.
- Krug, J.A. and Aguilera, R.V., 2004. Top management team turnover in mergers & acquisitions, in Finkelstein, S. and Cooper C. (Eds.) *Advances in mergers and acquisitions*, Volume 4, Bingley, Emerald Group Publishing Limited, pp.121-149.
- Krug, J.A., Wright, P. and Kroll, M.J., 2014. Top management turnover following mergers and acquisitions: Solid research to date but still much to be learned. *Academy of Management Perspectives*, 28(2), pp.147-163.
- Lazarus, R. S. and Folkman, S., 1984. Stress, appraisal, and coping, New York, NY: Springer.
- Lee-Ross, D., 1998. The reliability and rationale of Hackman and Oldham's job diagnostic survey and job characteristics model among seasonal hotel workers. *International Journal of Hospitality Management*, 17(4), pp.391-406.
- Lubatkin, M., Schweiger, D. and Weber, Y., 1999. Top management turnover in related M&A's: An additional test of the theory of relative standing. *Journal of Management*, 25(1), pp.55-73.
- Manne, H.G., 1965. Mergers and the market for corporate control. *Journal of Political economy*, 73(2), pp.110-120.
- Marks, M. and Mirvis, P., 1986. The merger syndrome. *Psychology Today*, 20(10), pp.36.
- Marks, M. and Mirvis, P., 1992. Rebuilding after the merger: Dealing with "survivor sickness". *Organizational dynamics*, 21(2), pp.18-32.
- Marks, M. and Mirvis, P., 1997. Revisiting the merger syndrome: Dealing with stress. *Mergers and Acquisitions*, 31(6), pp.21-27.
- Mirvis, P.H., 1985. Negotiations after the sale: The roots and ramifications of conflict in an acquisition. *Journal of Organizational Behavior*, 6(1), pp.65-84.
- Morgeson, F.P., Garza, A.S. and Campion, M.A., 2012. Work design, in Weiner, I.B., Borman, W.C., Ilgen, D.R. and Highhouse, S., (Eds.) *Handbook of Psychology*, Volume 12: Industrial and Organizational Psychology, 2nd ed, New Jersey, John Wiley & Sons, Inc., pp.525-559.
- Ng, V.M.T., Huang, E.G. and Young, M.N., 2019. Should I stay or should I go? Understanding employees' decisions to leave after mergers in Hong Kong's banking industry. *Asia Pacific Journal of Management*, <https://doi.org/10.1007/s10490-018-9610-z>
- Nixon, A.E., Mazzola, J.J., Bauer, J., Krueger, J.R. and Spector, P.E., 2011 Can work make you sick? A meta-analysis of the relationships between job stressors and physical symptoms, *Work & Stress*, 25(1), pp.1-22.
- Park, T.Y. and Shaw, J.D., 2013. Turnover rates and organizational performance: A meta-analysis. *Journal of applied psychology*, 98(2), pp.268-309.

- Paustian-Underdahl, S.C., Fainshmidt, S., Sanchez, J.I., Misati, E., Zhao, Y. and Zhang, H., 2017. The role of economic development and perceived growth opportunities in employee reactions to M&As: A study of the merger syndrome across 29 countries. *Group & Organization Management*, 42(2), pp.163-194.
- Riketta, M., 2005. Organizational identification: A meta-analysis. *Journal of vocational behavior*, 66(2), pp.358-384.
- Riketta, M. and van Dick, R., 2005. Foci of attachment in organizations: A meta-analytic comparison of the strength and correlates of workgroup versus organizational identification and commitment. *Journal of vocational behavior*, 67(3), pp.490-510.
- Sarala, R.M., Vaara, E. and Junni, P., 2019. Beyond merger syndrome and cultural differences: New avenues for research on the “human side” of global mergers and acquisitions (M&As). *Journal of World Business*, 54(4), pp.307-321.
- Seo, M.G. and Hill, N.S., 2005. Understanding the human side of merger and acquisition: An integrative framework. *The Journal of Applied Behavioral Science*, 41(4), pp.422-443.
- Schweiger, D.M. and Denisi, A.S., 1991. Communication with employees following a merger: A longitudinal field experiment. *Academy of management journal*, 34(1), pp.110-135.
- Schweiger, D.M., Ivancevich, J.M. and Power, F.R., 1987. Executive actions for managing human resources before and after acquisition. *Academy of Management Perspectives*, 1(2), pp.127-138.
- Shore, L.M. and Martin, H.J., 1989. Job satisfaction and organizational commitment in relation to work performance and turnover intentions. *Human relations*, 42(7), pp.625-638.
- Sinkovics, R. R., Zagelmeyer, S. and Kusstatscher, V., 2011. Between merger and syndrome: The intermediary role of emotions in four cross-border M&As. *International Business Review*, 20(1), pp.27-47.
- Siu, O.L., Cooper, C.L. and Donald, I., 1997. Occupational stress, job satisfaction and mental health among employees of an acquired TV company in Hong Kong. *Stress Medicine*, 13(2), pp.99-107.
- Statista.com, 2019. Value of mergers and acquisitions (M&A) worldwide from 1985 to 2018 (in billion U.S. dollars). Viewed 18 October 2019, <https://www.statista.com/statistics/267369/volume-of-mergers-and-acquisitions-worldwide/>
- Teerikangas, S., 2012. Dynamics of acquired firm pre-acquisition employee reactions. *Journal of management*, 38(2), pp.599-639.
- Terry, D.J. and O'Brien, A.T., 2001. Status, legitimacy, and ingroup bias in the context of an organizational merger. *Group Processes & Intergroup Relations*, 4(3), pp.271-289.
- Tett, R.P. and Meyer, J.P., 1993. Job satisfaction, organizational commitment, turnover intention, and turnover: path analyses based on meta-analytic findings. *Personnel psychology*, 46(2), pp.259-293.
- Turner, J.C., 1982. Towards a cognitive redefinition of the social group. In Tajfel, H. (Ed.), *Social identity and inter group relations*, Cambridge, England: Cambridge University Press pp.15-40.

Turner, J.C., 1984. Social identification and psychological group formation. In Tajfel, H. (Ed.), *The social dimension: European developments in social psychology*, Volume 2, Cambridge, England: Cambridge University Press, pp.518-538.

Vaara, E., 2001. Role-bound actors in corporate combinations: a sociopolitical perspective on post-merger change processes. *Scandinavian Journal of Management*, 17(4), pp.481-509.

Van Dick, R., Ullrich, J. and Tissington, P.A., 2006. Working under a black cloud: How to sustain organizational identification after a merger. *British Journal of management*, 17(S1), pp.S69-S79.

Van Knippenberg, D., Van Knippenberg, B., Monden, L. and de Lima, F., 2002. Organizational identification after a merger: A social identity perspective. *British Journal of Social Psychology*, 41(2), pp.233-252.

Walsh, J.P., 1988. Top management turnover following mergers and acquisitions. *Strategic management journal*, 9(2), pp.173-183.

Wu, L. and Norman, I.J., 2006. An investigation of job satisfaction, organizational commitment and role conflict and ambiguity in a sample of Chinese undergraduate nursing students. *Nurse education today*, 26(4), pp.304-314.